

Article 5: Overview of Agreement Authority.

5.1 The Parties are authorized to meet, exchange information, discuss, negotiate and agree upon the formulation of any lawful agreement permitting the rationalization of service, equipment or capacity in all or any part of the Trade by slot charter, joint service or otherwise; provided, however, that no such agreement may become effective until all governmental conditions required to be fulfilled prior to its effectiveness shall have been fulfilled.

5.2 Space and Vessels.

a) Subject to Article 5.2(g), the Parties shall employ ~~seven (7)~~ eight (8) vessels of approximately 1800/2300 ~~1250~~ TEU capacity Eastbound (average 14 gwt per TEU) and approximately 2000/2500 ~~1450~~ TEU capacity Westbound (average 12 gwt per TEU), which are compatible in terms of actual TEU intake and speed capability, able to complete the intended port rotation within 49 ~~56~~ days, thus providing a service frequency of approximately 7 days. ~~Nevertheless, it is agreed between the Parties that APL may deploy a larger compatible vessel from start of the present Agreement. Such vessel shall have a maximum declared standard allocation of 1800 TEU Westbound (average 12 tons per TEU) and 1600 TEU Eastbound (average 14 tons per TEU) during phasing in of new tonnage as described hereinafter. Any capacity on the APL vessel in excess of the declared standard allocation shall be for the use of APL.~~

b) The seven ~~4~~ vessels will be provided as follows:

APL 1 vessel
CMA CGM 2 ~~3~~ vessels
Contship 2 ~~3~~ vessels
SCI 1 vessel

The seventh vessel shall be provided jointly by CMA CGM and Contship, who are authorized to discuss and agree from time to time on the terms and conditions upon which such vessel shall be provided. In the event the number of vessels deployed hereunder is increased pursuant to Article 5.2(g), the Parties shall agree on the provision of the additional vessels.

c) Intentionally omitted. ~~Unless otherwise mutually agreed in writing, the Parties agree to upgrade the current Indamex fleet with each Party's first westbound sailing from Colombo following April 1, 2003, or earlier, with vessels having a capacity between 1800/ 2000 TEU capacity Eastbound (average 14 gwt per TEU) and between 2000/2200 TEU capacity Westbound (average 12 gwt per TEU).~~

d) According to clause 6.2 here below, in case the Agreement is extended, Parties shall discuss and possibly review tonnage provision, without further amendment.

e) Intentionally omitted. ~~During phasing in of new tonnage, in case one or several Founding Parties(s) deploy a minimum of three vessels having a capacity between 1800/ 2000 TEU capacity Eastbound (average 14 gwt per TEU) and between 2000/2200 TEU capacity Westbound (average 12 gwt per TEU), then APL will be entitled to either: Adjust and increase current deployed vessel standard capacity up~~

~~to 1800/2000 TEU capacity Eastbound (average 14 gwt per TEU) and 2000/2200 TEU capacity Westbound (average 12 gwt per TEU), with slot allocations to be adjusted accordingly. Or, alternatively, to phase out its originally deployed vessel (1800 TEU Westbound at average 12 tons per TEU and 1600 TEU Eastbound at average 14 tons per TEU) and phase in a larger vessel with capacity between 1800/2000 TEU capacity Eastbound (average 14 gwt per TEU) and between 2000/2200 TEU capacity Westbound (average 12 gwt per TEU).~~

f) Intentionally omitted. ~~Thereafter, in principle no later than 31st of March 2003, Parties shall deploy 8 vessels of 1800/2000 TEU capacity Eastbound (average 14 gwt per TEU) and 2000/2200 TEU capacity Westbound (average 12 gwt per TEU). Each Party phasing in and out the tonnage will bear corresponding phase-in/out costs, unless otherwise mutually agreed in writing.~~

g) Without further amendment, the number and size of vessels to be operated hereunder may be increased up to ten (10), each with an approximate capacity of not more than 3000 TEUs, subject to agreement of the Parties.

h) The Parties will operate a slot exchange agreement in which each of them is entitled to space in proportion to its contribution of slots. It will be monitored over a cycle in each direction. ~~SCI shall receive allocations from CMA CGM and CS in addition to their basic entitlement. Such additional allocation may be increased or decreased as agreed between SCI, CMA CGM and CS.~~ It is further agreed that APL may receive an additional allocation in addition to their